

## Message Text

CONFIDENTIAL

PAGE 01 MOSCOW 05526 221706Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06

SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NRC-05 /105 W

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TO SECSTATE WASHDC 6591

C O N F I D E N T I A L MOSCOW 5526

E.O 11652: GDS

TAGS: TGEN, ENRG, EEWT, UR, US

SUBJECT: CIA REPORT ON SOVIET OIL

REFS: (A) STATE 09603, (B) MOSCOW 4776, (C) MOSCOW 5283

1. SUMMARY: DURING CALL ON ACADEMICIAN M.A. STYRIKOVICH, SECRETARY OF THE ACADEMY'S DEPARTMENT OF PHYSICAL AND TECHNICAL PROBLEMS OF POWER ENGINEERING, AND ENERGY ECONOMICS EXPERT, SCICOUNS NOTED A RECENTLY PUBLISHED REPORT IN THE WEST WHICH FORECASTS A SHARP DECLINE IN SOVIET OIL PRODUCTION IN THE MID-1980'S. STYRIKOVICH RESPONDED THAT IT IS CERTAINLY TRUE THAT THE SOVIET UNION IS RUNNING OUT OF OIL THAT IS CHEAP TO PRODUCE AND THE PRICE WILL HAVE TO RISE HERE AS EVERYWHERE ELSE. HOWEVER, WITH INCREASED OIL EXPLORATION, TERTIARY RECOVERY AND AN EMPHASIS ON CONSERVATION AND ALTERNATIVE SOURCES FOR DOMESTIC USE, THE SOVIET UNION SHOULD BE ABLE TO MAINTAIN AN EXPORT CAPABILITY WELL IN THE FUTURE. END SUMMARY.

2. STYRIKOVICH SAID THE SOVIET UNION INTENDS TO BE ABLE TO CONTINUE TO EXPORT APPROXIMATELY 50 MILLION TONS OF PETROLEUM PER YEAR TO THE WEST AFTER DOMESTIC AND CEMA COUNTRY NEEDS ARE SATISFIED. WITH RATIONAL MANAGEMENT AND SOME GOOD LUCK, THE SOVIETS WOULD BE ABLE TO MEET THIS GOA PERHAPS UNTIL THE END  
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CONFIDENTIAL

PAGE 02 MOSCOW 05526 221706Z

OF THE CENTRURY. STYRIKOVICH SAID THAT WITH THE DRILLING PRIACTICES NOW IN USE IN THE SOVIET UNION ONLY APPROXIMATELY 35 PERCENT OF PETROLEUM RESOURCES IS EXTRACTED IN AN AVERAGE OIL FIELD. SECONDARY RECOVERY TECHNIQUES (WATER INJECTION) IS NOW BECOMING QUITE COMMON AND TERTIARY METHODS WILL ALSO BE PUT INFO EFFECT. THIS WILL RAISE THE PRODUCTION RATE TO ABOUT 70 PERCENT OF RESOURCES. NEW OIL FIELDS IN REMOTE AREAS WILL

ALSO BE PUT ON LINE. HOWEVER, ALL THIS IS VERY EXPENSIVE AND WILL ENTAIL AN INCREASE IN PRICE. STYRIKOVICH COMMENTED THAT THE PRESIDENT'S PROPOSAL FOR AN INCREASE IN THE PRICE OF U.S. PRODUCED PETROLEUM IS QUITE RATIONAL AS IT WILL BRING ON TO THE MARKET LARGE AMOUNTS OF PETROLEUM THAT OTHERWISE WOULD REMAIN UNTAPPED.

3. STYRIKOVICH SAID THE SOVIET ENERGY STRATEGY REQUIRES A RAPID SHIFT AWAY FROM PETROLEUM USE FOR ELECTRIC POWER PRODUCTION AND THAT GOOD PROGRESS IN THIS DIRECTION HAS BEEN MADE ALREADY. HE STATED THAT ALL ELECTRIC POWER PLANTS THAT HAVE THIS CAPACITY TO BURN EITHER OIL OR GAS ARE BEING RAPIDLY CONVERTED TO GAS CONSUMPTION ONLY. IT IS THEREFORE CRUCIAL THAT GAS PRODUCTION BE ACCELERATED RAPIDLY. MORE COAL-FIRED PLANTS NEED TO BE BROUGHT ON LINE AND THE SUPPLY OF COAL INCREASED. STYRIKOVICH NOTED IN THIS REGARD THAT SEVERAL NEW COAL FIELDS HAVE BEEN OPENED RECENTLY INCLUDING ONE AT EKIBASTIS IN SIBERIA THAT IS PRODUCING A HIGH ASH, BUT OTHERWISE GOOD QUALITY, ANTHRACITE COAL THAT HAS BEEN FOUND SUITABLE FOR ELECTRIC POWER PRODUCTION. SIBERIAN BROWN COAL DEPOSITS WHICH ARE DIFFICULT TO TRANSPORT ARE REQUIRING ANOTHER APPROACH; ELECTRIC POWER PLANTS ARE BEING CONSTRUCTED AT THE SITES OF THESE RESERVES AND POWER WILL BE DELIVERED TO THE EUROPEAN PARTS OF THE SOVIET UNION VIA HIGH VOLTAGE LINES. STYRIKOVICH NOTED THAT WORK IS ALREADY UNDER WAY ON 750 KV LINES AND THAT 1250 KV LINES SHOULD BE IN OPERATION BY THE END OF THE CENTURY.

CONFIDENTIAL

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PAGE 03 MOSCOW 05526 221706Z

4. COMMENT: WHILE STYRIKOVICH PRESENTS THE OPTIMISTIC SIDE OF THE PICTURE, THERE IS EVIDENCE OF SOVIET AWARENESS THAT THEY WILL HAVE TO MOVE TO AVERT AN OIL SLUMP IN THE 80'S. WHETHER NEW OIL FIELDS CAN BE BROUGHT ON LINE IS STILL A LARGE QUESTION. GIVEN THE NOTORIOUS INEFFICIENCY OF SOVIET RAIL TRANSPORT, IT IS DOUBTFUL HOW MUCH AND HOW SOON SIBERIAN COAL WILL CONTRIBUTE TO SOLVE THE PROBLEM. CONTINUED EXHORTATION ON ENERGY CONSERVATION IN THE MEDIA, AS WELL AS EMPHASIS ON GEOLOGICAL EXPLORATION AND INTEREST IN TERTIARY RECOVERY THROUGH GEOMICROBIOLOGY (SEE REF C) WOULD INDICATE THAT SOVIET PLANNERS ARE CONCERNED ABOUT THEIR OIL RESERVES. HOWEVER, CONTINUED EXPORT OF 50 MILLION TONS OF CRUDE OIL PER ANNUM TO WEST, PLUS ATTENTION TO GROWING DOMESTIC AND CEMA NEEDS WOULD APPEAR TO REQUIRE MORE THAN EVEN RATIONAL MANAGEMENT AND GOOD LUCK, AS STATED BY STYRIKOVICH. ALTHOUGH A NUCLEAR ENGINEER BY PROFESSION, IT IS INTERESTING TO NOTE THAT THE SOVIET ATOMIC ENERGY PROGRAM WAS OMITTED BY STYRIKOVICH IN THIS DISCUSSION. THIS MAY INDICATE THAT SOVIET PLANNERS, WHILE LAYING GREAT

EMPHASIS ON NUCLEAR POWER AS A BASE ENERGY SUPPLY AT THE  
END OF THE CENTURY, DO NOT REALLY CONSIDER THAT IT WILL MAKE  
A DENT INN THEIR ENERGY RESOURCE PROBLEM WITHIN THE NEXT TEN  
YEARS. END COMMENT  
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## Message Attributes

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